

## Message Text

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PAGE 01 STATE 200134  
ORIGIN XMB-04

INFO OCT-01 ARA-14 ISO-00 EB-08 /027 R

DRAFTED BY XMB: A. HAMMOND  
APPROVED BY EB/IFD/ODF:AADAMS  
XMB: A. PILZER  
ARA/CAR:GDESANTILLANA (INFO)  
-----011615 230628Z /17

R 230146Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PORT AU PRINCE

UNCLAS STATE 200134

E.O. 11652: N/A

TAGS: BPRO

SUBJECT: COOPERATIVE FINANCING FACILITY PROGRAM

1. DURING THE VISIT WITH MR. EDWARD O'CONNOR ON AUGUST 3, MINISTER CHAMBERS REQUESTED INFORMATION CONCERNING EXIMBANK'S COOPERATIVE FINANCING FACILITY (CFF). SINCE THE INFORMATION YOU HAVE IS OUTDATED, WE HAVE OUTLINED A DESCRIPTION OF THE CFF AND HOW IT WORKS. WE WOULD APPRECIATE YOUR RELAYING THIS INFORMATION TO MINISTER CHAMBERS.

2. DESCRIPTION OF THE CFF. THE CFF IS A MEDIUM-TERM DIRECT CREDIT PROGRAM THROUGH WHICH EXIMBANK PROVIDES NON-REVOLVING LINES OF CREDIT TO ELIGIBLE FOREIGN FINANCIAL INSTITUTIONS (COOPERATING INSTITUTIONS OR CIs). IN TURN, THESE INSTITUTIONS RELEND THE FUNDS TO FOREIGN PURCHASERS OF U.S. GOODS AND SERVICES. THE COOPERATING INSTITUTIONS ASSUME THE RISKS UNDER THESE TRANSACTIONS. SHOULD THE ULTIMATE PURCHASER DEFAULT ON ITS LOAN, THE CI  
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IS REQUIRED TO CONTINUE ITS REPAYMENT TO EXIMBANK.

3. THE EXIMBANK LOAN TO THE CI EQUALS 50 PERCENT OF THE REQUESTED LINE OF CREDIT (OR 42.5 PERCENT OF THE TOTAL CONTRACT VALUE) EXTENDED AT 8 PERCENT. THE OTHER 50 PERCENT OF THE FUNDS WOULD BE PROVIDED BY THE CI FROM ITS OWN RESOURCES. SHOULD THE CI WISH TO BORROW ITS HALF

FROM A U.S. BANK, EXIMBANK MAY GUARANTEE REPAYMENT TO THE LENDER (PARTICIPATING FINANCIAL INSTITUTION). HOWEVER, GUARANTEES ISSUED IN CONJUNCTION WITH LINES OF CREDIT ARE AUTHORIZED ONLY WHEN CONDITIONS IN THE CI'S COUNTRY PREVENT IT FROM (1) FUNDING ITS HALF OF THE FINANCING, OR (2) BORROWING FROM A THIRD SOURCE WITHOUT EXIMBANK ASSISTANCE.

4. ON EXIMBANK'S 50 PERCENT DIRECT CREDIT, THE FOREIGN BANK CAN CHARGE THE PURCHASER UP TO 2 1/2 PERCENT ABOVE EXIMBANK'S LENDING RATE (PRESENTLY 8 PERCENT), OR 10 1/2 PERCENT. IF THE OTHER HALF OF THE FUNDS IS BORROWED WITH EXIMBANK GUARANTEE, THE CI CAN CHARGE THE PURCHASER UP TO 2 1/2 PERCENT OVER THE RATE OF THE LENDING BANK. IF THE CI'S HALF IS FUNDED FROM ITS OWN RESOURCES, THE CHARGE TO THE ULTIMATE BUYER ON THAT HALF CAN BE WHATEVER RATE THE CI DEEMS APPROPRIATE. AS A RESULT, THE EFFECTIVE RATE TO THE BUYER IS THE BLENDED RATE OF INTEREST CHARGED BY EXIMBANK, THE CI, AND/OR THE PARTICIPATING FINANCING INSTITUTION.

5. THE MAXIMUM CONTRACT VALUE OF AN INDIVIDUAL EXPORT TRANSACTION ELIGIBLE FOR CFF FINANCING WILL BE LIMITED TO U.S. DOLS 500,000. THEREFORE, EXIMBANK'S PARTICIPATION IN A LOAN OF THIS SIZE WILL BE APPROXIMATELY U.S. DOLS 212,500 (42.5 PERCENT). EXIMBANK WILL CONSIDER EX-

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CEPTIONS TO THIS GUIDELINE IF IT CAN BE DEMONSTRATED THAT A PARTICULAR SALE CANNOT BE FINANCED THROUGH OTHER EXIMBANK PROGRAMS.

6. A CASH PAYMENT BY THE CI'S CUSTOMER OF AT LEAST 15 PERCENT IS REQUIRED ON EACH TRANSACTION. A COMMITMENT FEE OF ONE HALF PERCENT IS CHARGED TO THE CI ON THE UNDISBURSED PORTION OF EXIMBANK'S SHARE OF THE LOAN BEGINNING 60 DAYS AFTER FINAL APPROVAL OF THE LOAN.

7. THE CONTRACT PRICE AND REPAYMENT TERMS APPLICABLE TO SALE OF CAPITAL EQUIPMENT IS AS FOLLOWS:

CONTRACT PRICE	REPAYMENT TERMS
UP TO 50,000 U.S. DOLS	UP TO 2 YEARS
50,001 TO 100,000 U.S. DOLS	UP TO 3 YEARS
100,001 TO 200,000 U.S. DOLS	UP TO 4 YEARS
OVER 200,001 U.S. DOLS	UP TO 5 YEARS

8. TO APPLY FOR CFF, A FINANCIAL INSTITUTION SHOULD SUBMIT THE FOLLOWING BY LETTER:

(A) NAME AND ADDRESS OF INSTITUTION; TELEX DESIGNATION;  
NATURE OF THE INSTITUTION AND NAME OF OFFICIAL WHOM  
CORRESPONDENCE SHOULD BE ADDRESSED.

(B) ESTIMATE OF U.S. EXPORTS TO FINANCE UNDER THE PROGRAM  
FOR A ONE YEAR PERIOD.

(C) IDENTIFICATION OF OFFICERS WHO WILL BE AUTHORIZED TO  
EXECUTE DOCUMENTS AND WHO WILL BE RESPONSIBLE FOR  
SUCCESSFUL USE OF THE PROGRAM.

(D) AUDITED FINANCIAL STATEMENTS FOR THE PAST THREE YEARS  
AND OTHER INFORMATION WHICH ESTABLISH THE FINANCIAL  
CONDITION OF THE APPLICANT.

(E) ASSURANCE THAT ANY REQUIRED GOVERNMENTAL APPROVAL CAN  
BE SECURED.

(F) THE IDENTITY OF ANY AGENT BANK IN THE U.S. AUTHORIZED  
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TO MAKE PAYMENTS, COLLECT DOCUMENTS, OR REQUEST FUNDS ON  
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(G) A JUSTIFICATION FOR EXIMBANK'S GUARANTEE TO A U.S.  
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9. THE EMPHASIS OF THE CFF PROGRAM IS TO ASSIST BUYERS  
IN LESS DEVELOPED COUNTRIES AND WE ENCOURAGE  
APPLICATIONS FROM ELIGIBLE FINANCIAL INSTITUTIONS IN  
YOUR AREA.

10. OUR CFF PUBLICATIONS ARE BEING REVISED. HOWEVER, WE  
ARE SENDING YOU, UNDER SEPARATE COVER, THE INFORMATION  
WHICH IS PRESENTLY AVAILABLE ON THE PROGRAM. CHRISTOPHER

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DRAFTED BY XMB:A.HAMMOND

APPROVED BY EB/IFD/ODF:MVCREEKMORE

XMB:A.PILZER

ARA/CAR:FTUMMINIA (INFO)

-----103399 292048Z /73

R 292002Z AUG 77

FM SECSTATE WASHDC

TO AMEMBASSY PORT OF SPAIN

UNCLAS STATE 200134

FOL RPT STATE 200134 ACTION PORT AU PRINCE 23 AUG 77 QUOTE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Drafter:** A. HAMMOND  
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**To:** PORT AU PRINCE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/f4cade55-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009